

**Testimony Supporting
S.B. 1056: An Act Concerning the Excess Cost Threshold and the Collection of Data
Relating to Per Pupil Costs for Special Education**

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Education Committee

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Senator Slossberg, Representative Fleischmann, and distinguished members of the Committee:

We are testifying today on behalf of Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families.

Connecticut Voices for Children supports S.B. 1056, which would gradually increase the State's reimbursement to school districts for their provision of special education services over a period of four years. The proposed statutory change – which would lower the threshold above which districts can begin to claim State reimbursement for costs associated with providing a student special education services – will provide much needed relief to districts, while also making the distribution of special education aid more equitable. **To ensure the bill has its intended effect, we urge the Committee to also reject the proposed change in Governor's S.B. 942 sec. 7, which would extend an existing cap on special education reimbursement indefinitely.**

Providing special education services is expensive for school districts. In the 2014 school year (the most recent year for which data is available), just over 12% of all public school students in Connecticut had an identified special education need. Yet Connecticut's public schools spent over \$1.8 billion on special education services; these costs alone accounted for 22% of all public school spending. Special education spending has also been rising as a share of all public school spending for a decade.¹

Special education costs vary widely from district to district, and are volatile from year to year. In the 2014 school, the percent of district spending on special education ranged from over 30% of all spending in Winchester, to just over 11% in Cornwall. Furthermore, while district special education spending grew by an average of 4% from 2013 to 2014, 33 districts saw special education costs grow by over 10%, and four districts saw special education costs grow by more than 20%. (Growth numbers are not adjusted for inflation.)²

The Excess Cost grant reimburses districts for high cost special education students. The Excess Cost Grant is supposed to reimburse districts for:

- 1) The portion of a student's special education costs that exceed a threshold of 4.5 times the average per-pupil expenditure in the school district;
- 2) The portion of a student's special education costs that exceed a threshold of 1 times the average per-pupil expenditure in the school district *if* that district became responsible for a student's special education costs because of a Department of Children and Families (DCF) placement.

Districts receive no reimbursement for special education costs incurred by students whose special education programs do not exceed that district's "excess cost" threshold. (For example, if District A spends \$10,000 per pupil, then their excess cost threshold is 4.5 times \$10,000 equal to \$45,000. The

district will receive no reimbursement for a child whose program of special education costs less than \$45,000.) Furthermore, since FY2011, the Excess Cost grant has been capped at \$140 million. Therefore, districts are not actually reimbursed in full for even those excess special education costs that do exceed the threshold and should be eligible for reimbursement; rather, their grants are prorated so that total State expenses do not exceed the cap. Under current law, this cap would expire in FY2015; however, the Governor's proposed budget would extend this statutory cap indefinitely.

The Excess Cost formula and cap are problematic, and lead to unpredictable and inequitable distribution of special education support:

- 1) Because per-pupil expenditures vary from district to district, excess cost thresholds vary too. Two districts enrolling students whose special education programs cost the same amount may receive differing levels of reimbursement for their student, because districts with higher per-pupil spending in general must see costs exceed a higher threshold before they can be reimbursed.
- 2) Two districts with the same total special education costs may receive very different levels of reimbursement, because one district may have a small number of high-cost students whose costs exceed the "4.5 times per-pupil expenditure" threshold, whereas another may have many low-cost special education students who are not eligible for any reimbursement.
- 3) Because of the statutory cap, districts cannot be sure how much reimbursement they will receive for special education, because they do not know how much their grants will be prorated until the end of the year.

As a result of these quirks, the level of support the State provides to districts for special education varies widely: in 2014, districts had on average only 8% of their special education costs reimbursed by the Excess Cost grant, but reimbursement levels rose as high as 26% (Regional School District 10) and 10 districts received no reimbursement at all. There was only a weak correlation between the percent of district spending spent on special education and the level of State reimbursement for those expenses ($R = 0.33$). (For detailed analysis, see Appendix A).³

In summary, special education costs are rising and vary widely from district to district and year to year, but State support is extremely variable across districts, and largely unrelated to district need.

Insufficient state funding likely harms students with disabilities. This is because districts have a strong perverse incentive to deny special education students needed services, to avoid paying for special education services. **Furthermore, districts are mandated by federal law to provide special education services, so limiting State reimbursement for special education through a high Excess Cost threshold and a cap on the grant does not save taxpayers money.** Instead, this practice merely passes costs from the State to local property tax payers. Since Connecticut's local property taxes are highly regressive,⁴ this may also have the effect of passing costs from wealthier residents to poorer residents, with no net savings to state and local government.

Education cost sharing grant (ECS) funds are not an adequate substitute for Excess Cost reimbursement. This is because the ECS allocation formula does not take into account special education enrollment (and also is not currently used to allocate grants at all). As a result, while districts may spend ECS funds on special education, they receive no additional ECS funding even if they have very high special education costs.

Lowering the Excess Cost threshold, and lifting the statutory cap on Excess Cost spending, will provide much needed relief to districts, while also making the distribution of special education aid more equitable. The proposed bill would allow districts to claim excess cost reimbursement for students whose programs of special education exceed a lower and lower threshold each year; by 2021, the State would reimburse districts for special education costs in excess of two times the average per-pupil expenditure. This change not only would reduce the burden on towns of paying for special education services, it would make the distribution of aid more equitable, because towns with many low-cost special education students would receive more comparable reimbursement to towns with a small number of high-cost special education students.

We urge the Committee to support the proposed changes in S.B. 1056, and to reject the Governor's proposed indefinite cap on special education reimbursement in S.B. 942, so that districts have little incentive to deny needed special education services, and property tax payers receive much needed relief.

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Appendix A: Special Education Data by Town, 2014

Name	Special Education Enrollment	Special Education Expenditures	Percent of Spending on Special Education	Excess Cost Grant	Percent of Costs Reimbursed by Excess Cost
All School Districts	61405	\$1,846,709,806	22.1%	\$139,805,731	7.6%
Andover	21	\$885,994	18.9%	\$132,562	15.0%
Ansonia	297	\$8,581,645	25.5%	\$849,749	9.9%
Ashford	49	\$1,576,902	21.2%	\$85,641	5.4%
Avon	336	\$9,052,664	17.6%	\$1,181,621	13.1%
Barkhamsted	43	\$850,888	20.6%	\$13,497	1.6%
Berlin	300	\$8,820,473	18.8%	\$492,133	5.6%
Bethany	57	\$1,423,071	20.7%	\$3,614	0.3%
Bethel	314	\$10,001,841	21.9%	\$705,117	7.0%
Bloomfield	234	\$6,082,003	13.2%	\$175,430	2.9%
Bolton	82	\$3,110,563	22.1%	\$249,465	8.0%
Bozrah	29	\$1,340,627	24.0%	\$75,655	5.6%
Branford	386	\$10,943,884	20.3%	\$642,926	5.9%
Bridgeport	2619	\$69,500,527	23.1%	\$4,414,047	6.4%
Bristol	1259	\$26,431,891	23.1%	\$3,110,223	11.8%
Brookfield	310	\$6,818,802	16.8%	\$997,842	14.6%
Brooklyn	97	\$3,674,494	21.3%	\$388,246	10.6%
Canaan	11	\$265,966	12.3%	\$0	0.0%
Canterbury	44	\$3,221,333	27.0%	\$280,171	8.7%
Canton	155	\$5,159,374	19.9%	\$539,229	10.5%
Chaplin	23	\$598,062	16.6%	\$0	0.0%
Cheshire	458	\$15,349,497	23.5%	\$712,965	4.6%
Chester	34	\$948,109	21.9%	\$0	0.0%
Clinton	197	\$7,409,889	23.6%	\$426,792	5.8%
Colchester	357	\$8,799,697	21.5%	\$746,971	8.5%
Colebrook	14	\$359,375	19.3%	\$0	0.0%
Columbia	46	\$2,946,117	23.4%	\$160,998	5.5%
Cornwall	17	\$339,161	11.3%	\$0	0.0%
Coventry	211	\$6,161,716	22.1%	\$842,669	13.7%
Cromwell	188	\$4,850,168	17.1%	\$347,090	7.2%
Danbury	1232	\$26,302,698	18.9%	\$704,554	2.7%
Darien	517	\$24,622,322	27.8%	\$2,506,963	10.2%
Deep River	40	\$1,648,961	27.9%	\$115,517	7.0%
Derby	192	\$4,914,094	22.6%	\$305,840	6.2%
Eastford	21	\$607,658	15.8%	\$0	0.0%
East Granby	89	\$3,256,771	21.0%	\$162,719	5.0%
East Haddam	170	\$4,645,099	23.0%	\$371,193	8.0%
East Hampton	154	\$6,898,079	23.8%	\$554,931	8.0%
East Hartford	1131	\$20,914,377	18.5%	\$1,710,669	8.2%

Name	Special Education Enrollment	Special Education Expenditures	Percent of Spending on Special Education	Excess Cost Grant	Percent of Costs Reimbursed by Excess Cost
East Haven	394	\$11,673,042	22.5%	\$1,078,930	9.2%
East Lyme	371	\$9,390,148	21.2%	\$668,150	7.1%
Easton	87	\$3,651,594	21.9%	\$509,342	13.9%
East Windsor	182	\$4,390,315	20.1%	\$239,745	5.5%
Ellington	298	\$7,081,023	20.0%	\$559,352	7.9%
Enfield	707	\$16,597,808	21.1%	\$1,421,970	8.6%
Essex	78	\$2,218,330	28.1%	\$119,368	5.4%
Fairfield	1094	\$38,285,547	23.6%	\$2,784,068	7.3%
Farmington	419	\$10,664,170	16.8%	\$568,644	5.3%
Franklin	24	\$887,743	21.4%	\$85,220	9.6%
Glastonbury	594	\$16,577,547	16.8%	\$987,939	6.0%
Granby	176	\$5,030,948	17.4%	\$108,941	2.2%
Greenwich	860	\$41,362,752	22.5%	\$1,655,922	4.0%
Griswold	268	\$6,923,790	25.8%	\$636,045	9.2%
Groton	692	\$17,446,222	22.7%	\$1,418,964	8.1%
Guilford	346	\$14,865,985	26.2%	\$1,253,105	8.4%
Hamden	722	\$29,578,676	26.1%	\$1,605,947	5.4%
Hampton	18	\$384,918	16.5%	\$0	0.0%
Hartford	2847	\$106,807,952	25.5%	\$9,747,767	9.1%
Hartland	26	\$658,869	12.1%	\$37,826	5.7%
Hebron	108	\$2,736,771	21.9%	\$55,113	2.0%
Kent	29	\$1,167,940	21.3%	\$150,097	12.9%
Killingly	373	\$12,396,228	29.3%	\$1,060,986	8.6%
Lebanon	157	\$4,863,185	24.7%	\$528,765	10.9%
Ledyard	347	\$9,802,712	27.1%	\$1,076,749	11.0%
Lisbon	53	\$2,448,703	24.8%	\$67,395	2.8%
Litchfield	99	\$3,167,506	17.9%	\$169,039	5.3%
Madison	356	\$10,876,953	21.1%	\$1,053,661	9.7%
Manchester	794	\$26,677,540	23.7%	\$1,311,671	4.9%
Mansfield	140	\$3,984,937	18.0%	\$149,819	3.8%
Marlborough	58	\$1,223,483	16.6%	\$0	0.0%
Meriden	1258	\$29,279,527	24.1%	\$2,484,409	8.5%
Middletown	561	\$18,364,971	22.4%	\$2,445,109	13.3%
Milford	772	\$26,728,476	23.4%	\$1,125,144	4.2%
Monroe	359	\$10,370,256	19.4%	\$604,022	5.8%
Montville	277	\$7,762,881	20.7%	\$109,201	1.4%
Naugatuck	601	\$12,693,011	18.8%	\$721,972	5.7%
New Britain	1550	\$41,316,515	27.6%	\$3,840,195	9.3%
New Canaan	359	\$17,210,107	21.3%	\$775,498	4.5%

Name	Special Education Enrollment	Special Education Expenditures	Percent of Spending on Special Education	Excess Cost Grant	Percent of Costs Reimbursed by Excess Cost
New Fairfield	277	\$6,798,717	18.2%	\$205,089	3.0%
New Hartford	59	\$2,079,460	25.1%	\$68,831	3.3%
New Haven	2409	\$62,549,749	18.4%	\$2,748,940	4.4%
Newington	513	\$11,805,461	17.2%	\$711,491	6.0%
New London	525	\$14,680,450	26.1%	\$1,369,962	9.3%
New Milford	579	\$14,434,136	23.2%	\$1,234,239	8.6%
Newtown	398	\$14,881,517	19.1%	\$1,699,628	11.4%
Norfolk	21	\$421,277	15.4%	\$30,668	7.3%
North Branford	280	\$5,610,348	18.5%	\$240,495	4.3%
North Canaan	44	\$1,021,831	18.5%	\$15,163	1.5%
North Haven	323	\$9,661,411	19.3%	\$1,397,761	14.5%
North Stonington	74	\$2,335,240	17.9%	\$9,233	0.4%
Norwalk	1196	\$39,288,394	20.6%	\$2,175,843	5.5%
Norwich	549	\$22,000,048	26.0%	\$2,274,280	10.3%
Old Saybrook	211	\$5,329,295	21.7%	\$360,025	6.8%
Orange	110	\$4,478,782	23.2%	\$367,240	8.2%
Oxford	212	\$6,601,939	22.5%	\$467,203	7.1%
Plainfield	291	\$7,746,417	22.1%	\$432,780	5.6%
Plainville	322	\$7,415,654	20.0%	\$706,711	9.5%
Plymouth	226	\$5,699,451	22.9%	\$422,146	7.4%
Pomfret	44	\$2,744,931	25.9%	\$562,831	20.5%
Portland	128	\$3,657,991	18.4%	\$197,934	5.4%
Preston	58	\$3,260,885	28.6%	\$410,633	12.6%
Putnam	186	\$4,912,899	23.9%	\$553,162	11.3%
Redding	139	\$4,608,185	21.0%	\$234,436	5.1%
Ridgefield	431	\$16,849,835	19.5%	\$2,257,243	13.4%
Rocky Hill	224	\$7,099,183	18.7%	\$407,783	5.7%
Salem	42	\$2,748,960	22.5%	\$294,905	10.7%
Salisbury	32	\$1,028,584	16.5%	\$0	0.0%
Scotland	24	\$625,858	23.0%	\$0	0.0%
Seymour	256	\$6,602,412	20.0%	\$749,938	11.4%
Sharon	42	\$616,961	12.9%	\$0	0.0%
Shelton	609	\$13,340,042	19.2%	\$652,915	4.9%
Sherman	49	\$2,085,639	23.1%	\$108,094	5.2%
Simsbury	478	\$14,238,164	20.7%	\$1,081,782	7.6%
Somers	164	\$4,675,111	21.7%	\$544,736	11.7%
Southington	794	\$24,236,198	26.8%	\$2,426,614	10.0%
South Windsor	520	\$14,310,698	19.9%	\$1,299,037	9.1%
Sprague	33	\$1,558,098	24.1%	\$114,554	7.4%

Name	Special Education Enrollment	Special Education Expenditures	Percent of Spending on Special Education	Excess Cost Grant	Percent of Costs Reimbursed by Excess Cost
Stafford	185	\$5,732,872	19.9%	\$365,911	6.4%
Stamford	1566	\$59,605,792	21.6%	\$4,445,657	7.5%
Sterling	59	\$2,420,476	28.5%	\$170,739	7.1%
Stonington	284	\$9,038,698	25.1%	\$769,972	8.5%
Stratford	688	\$24,323,981	24.0%	\$2,171,173	8.9%
Suffield	249	\$7,205,152	20.9%	\$839,573	11.7%
Thomaston	127	\$3,820,775	22.3%	\$340,718	8.9%
Thompson	106	\$3,807,564	22.0%	\$419,152	11.0%
Tolland	291	\$8,318,330	21.3%	\$1,137,232	13.7%
Torrington	649	\$19,238,442	26.0%	\$1,436,407	7.5%
Trumbull	599	\$20,128,966	20.0%	\$653,754	3.2%
Union	10	\$282,861	14.9%	\$0	0.0%
Vernon	432	\$12,731,115	23.7%	\$1,346,908	10.6%
Voluntown	32	\$1,564,180	23.4%	\$22,717	1.5%
Wallingford	685	\$23,696,263	21.8%	\$1,903,338	8.0%
Waterbury	3098	\$63,319,707	23.2%	\$2,018,630	3.2%
Waterford	314	\$11,440,517	24.4%	\$802,756	7.0%
Watertown	340	\$9,020,100	22.3%	\$803,458	8.9%
Westbrook	87	\$3,843,543	22.9%	\$313,131	8.1%
West Hartford	1069	\$34,571,396	23.4%	\$3,643,716	10.5%
West Haven	783	\$24,824,174	26.7%	\$2,313,346	9.3%
Weston	201	\$10,615,271	22.0%	\$720,216	6.8%
Westport	544	\$20,895,950	18.7%	\$635,100	3.0%
Wethersfield	450	\$12,214,739	21.5%	\$1,484,892	12.2%
Willington	67	\$2,238,855	26.5%	\$39,993	1.8%
Wilton	514	\$19,513,167	24.7%	\$1,016,410	5.2%
Winchester	109	\$6,656,863	30.1%	\$1,011,220	15.2%
Windham	483	\$11,904,683	20.7%	\$690,200	5.8%
Windsor	483	\$16,886,212	25.0%	\$1,525,679	9.0%
Windsor Locks	194	\$6,274,633	19.3%	\$377,460	6.0%
Wolcott	225	\$6,152,683	17.9%	\$623,462	10.1%
Woodbridge	60	\$2,310,056	17.3%	\$28,460	1.2%
Woodstock	82	\$3,314,316	19.6%	\$262,674	7.9%
District No. 1	55	\$1,874,006	19.1%	\$102,799	5.5%
District No. 4	136	\$3,550,905	21.6%	\$241,533	6.8%
District No. 5	234	\$7,352,791	18.4%	\$994,086	13.5%
District No. 6	135	\$3,292,219	18.9%	\$23,388	0.7%
District No. 7	119	\$3,727,051	20.2%	\$407,070	10.9%
District No. 8	200	\$5,157,317	20.8%	\$389,172	7.5%

Name	Special Education Enrollment	Special Education Expenditures	Percent of Spending on Special Education	Excess Cost Grant	Percent of Costs Reimbursed by Excess Cost
District No. 9	106	\$3,886,848	18.5%	\$681,621	17.5%
District No. 10	243	\$7,932,870	21.7%	\$2,064,499	26.0%
District No. 11	50	\$1,499,581	22.7%	\$51,787	3.5%
District No. 12	114	\$4,550,137	21.4%	\$54,117	1.2%
District No. 13	268	\$7,758,592	22.8%	\$343,807	4.4%
District No. 14	181	\$7,587,009	24.0%	\$448,223	5.9%
District No. 15	468	\$14,441,036	23.3%	\$1,668,521	11.6%
District No. 16	295	\$7,348,395	21.3%	\$603,362	8.2%
District No. 17	328	\$7,339,786	19.7%	\$768,839	10.5%
District No. 18	163	\$6,229,317	23.0%	\$246,679	4.0%
District No. 19	185	\$4,365,530	21.6%	\$324,720	7.4%

¹ See, Connecticut Voices for Children's analysis of SDE data, publicly available through the Bureau of Grants Management website at <https://www.csde.state.ct.us/public/dgm/grantreports1/SpTrExpViewRpt.aspx>. Available upon request.

² *Ibid.*

³ *Ibid.*

⁴ See, "Connecticut Tax Incidence Report," *Department of Revenue Services*. December 2014. Available at <http://www.ct.gov/drs/lib/drs/DRSTaxIncidenceReport2014.pdf>.